



THE

Hungarian Historical Review

NEW SERIES OF ACTA HISTORICA
ACADEMIÆ SCIENTIARUM HUNGARICÆ

Modern Europe in Global Perspective

VOLUME **7** NUMBER **2**
2018

Institute of History, Research Centre for the Humanities,
Hungarian Academy of Sciences

THE

Hungarian Historical Review

NEW SERIES OF ACTA HISTORICA
ACADEMIÆ SCIENTIARUM HUNGARICÆ



Supported by the HUNGARIAN ACADEMY OF SCIENCES (HAS) and
the NATIONAL CULTURAL FUND OF HUNGARY

25név
Nemzeti Kulturális Alap

Editor-in-Chief

Pál FODOR (Research Centre for the Humanities, Hungarian Academy of Sciences)

Editors

Péter APOR (HAS), Gabriella ERDÉLYI (HAS), Sándor HORVÁTH (HAS), Judit KLEMENT (HAS),
Veronika NOVÁK (Eötvös Loránd University of Budapest), Tamás PÁLOSALVI (HAS)

Review Editors

Ágnes DROSZTMÉR (CEU), Ferenc LACZÓ (Maastricht University), Ádám MÉZES (CEU), Bálint VARGA (HAS),
András VADAS (Eötvös Loránd University / CEU)

Editorial Secretaries

Gábor DEMETER (HAS), András PÉTERFI (HAS)

Editorial Board

Attila BÁRÁNY (University of Debrecen), László BORHI (HAS), Gábor CZOCH (Eötvös Loránd University of
Budapest), Zoltán CSEPREGI (Evangelical-Lutheran Theological University), Gábor GYÁNI (HAS), Péter HAHNER
(University of Pécs), György KÖVÉR (Eötvös Loránd University of Budapest), Géza PÁLFFY (HAS), Attila PÓK
(HAS), Marianne SÁGHY (Central European University), Béla TOMKA (University of Szeged), Attila ZSOLDOS (HAS)

Advisory Board

Gábor ÁGOSTON (Georgetown University), János BAK (Central European University), Neven BUDAK (University
of Zagreb), Václav BŮŽEK (University of South Bohemia), Olivier CHALINE (Université de Paris-IV Paris-
Sorbonne), Jeroen DUINDAM (Leiden University), Robert J. W. EVANS (University of Oxford), Alice FREIFELD
(University of Florida), Tatjana GUSAROVA (Lomonosov Moscow State University), Catherine HOREL (Université
de Paris I Panthéon-Sorbonne), Olga KHAVANOVA (Russian Academy of Sciences), Gábor KLANICZAY (Central
European University), Mark KRAMER (Harvard University), László KONTLER (Central European University),
Tünde LENGYELOVÁ (Slovakian Academy of Sciences), Martyn RADY (University College London, School of
Slavonic and East European Studies), Anton SCHINDLING (Universität Tübingen), Stanisław A. SROKA
(Jagiellonian University), Thomas WINKELBAUER (Universität Wien)

INDEXED/ABSTRACTED IN: CEEOL, EBSCO, EPA, JSTOR, MATARKA, Recensio.net.



Institute of History
Research Centre for the Humanities,
Hungarian Academy of Sciences
H-1097 Budapest, Tóth Kálmán utca 4.
www.hunghist.org
HU ISSN 2063-8647

The Hungarian Historical Review

New Series of Acta Historica
Academiae Scientiarum Hungaricae

Volume 7 No. 2 2018

Modern Europe in Global Perspective

Judit Klement and Bálint Varga
Special Editors of the Thematic Issue

Contents

KLEMENS KAPS	Cores and Peripheries Reconsidered: Economic Development, Trade and Cultural Images in the Eighteenth-Century Habsburg Monarchy	191
WOLFGANG GÖDERLE	State-Building, Imperial Science, and Bourgeois Careers in the Habsburg Monarchy in the 1848 Generation: The Cases of Karl Czoernig (1804–1889) and Carl Alexander von Hügel (1795/96–1870)	222
GYÖRGY KÖVÉR	The Rothschild Consortium and the State Debt of the Austro-Hungarian Monarchy	250
JAMES CALLAWAY	The Battle over Information and Transportation: Extra-European Conflicts between the Hungarian State and the Austro-Hungarian Foreign Ministry	274
MARKÉTA KRÍŽOVÁ	Between “Here” and “Over There”: Short-term and Circular Mobility from the Czech Lands to Latin America (1880s–1930s)	303
ULRIKE VON HIRSCHHAUSEN	International Architecture as a Tool of National Emancipation: Nguyen Cao Luyen in French Colonial Hanoi, 1920–1940	331
SARAH LEMMEN	The Formation of Global Tourism from an East-Central European Perspective	348

FEATURED REVIEW	375
European Regions and Boundaries: A Conceptual History. Edited by Diana Mishkova and Balázs Trencsényi. Reviewed by Gergely Romsics	375
BOOK REVIEWS	382
A kalandozó hadjáratok nyugati kútforrói [Western sources on the tenth-century Hungarian military incursions]. By Dániel Bácsatyi. Reviewed by Iván Kis	382
Magyarországi diákok a prágai és a krakkói egyetemeken, 1348–1525, I–II. [Students from Hungary at the universities of Prague and Kraków, 1348–1525, I–II]. By Péter Haraszti Szabó, Borbála Kelényi, and László Szögi. (Hungarian students at medieval universities, 2.) Reviewed by Borbála Lovas	385
Samospráva města Košice v stredoveku [Urban administration in Košice in the Middle Ages]. By Drahošlav Magdoško. Reviewed by Michaela Antonín Malániková	388
A költészet születése: A magyarországi költészet társadalomtörténete a 19. század első évtizedeiben [The birth of poetry: A social history of poetry in Hungary in the first decades of the nineteenth century]. By Gábor Vaderna. Reviewed by Zsuzsa Török	390
The World of Prostitution in Late Imperial Austria. By Nancy M. Wingfield. Reviewed by Anita Kurimay	393
Karl Polanyi: A Life on the Left. By Gareth Dale. Reviewed by Veronika Eszik	396
Europe on Trial: The Story of Collaboration, Resistance, and Retribution during World War II. By István Deák. Reviewed by Péter Csunderlik	399

The Value of Labor: The Science of Commodification in Hungary, 1920–1956. By Martha Lampland. Reviewed by Mihai-Dan Cirjan	403
Searching for the Human Factor: Psychology, Power and Ideology in Hungary during the Early Kádár Period. By Tuomas Laine-Frigren. Reviewed by István Papp	407
Of Red Dragons and Evil Spirits: Post-Communist Historiography between Democratization and New Politics of History. Edited by Oto Luthar. Reviewed by Réka Krizmanics	411
Long Awaited West: Eastern Europe Since 1944. By Stefano Bottoni. Translated by Sean Lambert. Reviewed by Melissa Feinberg	414

The Rothschild Consortium and the State Debt of the Austro-Hungarian Monarchy

György Kövér

Eötvös Loránd University, Budapest

kover.gyorgy@btk.elte.hu

The state debts of the Austro-Hungarian Monarchy after 1867 consisted of three parts: loans acquired before 1867; loans acquired by the Cisleithanian half of the empire after the Compromise of 1867; and, finally, new state debt generated by the Kingdom of Hungary also after 1867. Between 1873 and 1910, with some exceptions, it was the Rothschild–Creditanstalt–Disconto-Gesellschaft consortium that acted in the role of the state banker in both halves of the dualistic state. The decision in favor of the Rothschilds was based not only on their extensive international network, rapid communications, immense prestige, an enormous amount of capital and a high degree of competitiveness but on the fact that they had long been heavily involved in Austrian financial affairs and in their quasi-monopoly position were able to assess relatively favorable costs. While the international market treated Hungary's state bonds as the public debt of a sovereign state, it still considered Austria and Hungary to be economically interdependent parts of the same, albeit politically dual, monarchy even as the threat of the dualist state's dissolution emerged more and more frequently from the turn of the century onwards. After initial hardships, yields on Hungary's state debt with some lag were able to keep up with the profitability on the again gradually increasing Austrian state debt.

Keywords: Austro-Hungarian Monarchy, State debt, Rothschild–Creditanstalt–Disconto-Gesellschaft consortium, reputation, “empire effect”, “Rothschild effect”

Empires have written themselves back into history. Such a statement can now be confidently made not only because of the post-colonial turn in writing history or the empire-building aspirations that we currently witness, but also because of the ongoing large-scale reevaluation of the history of past empires. In historiography, the Eastern European empires of the nineteenth century are no longer seen as entities predestined to dissolve, even though this is what was taught to several generations of students after World War I.¹ The view that there is, in fact, no diametrical opposition between the ability of the empires to renew themselves and the nation-building processes that emerge within the framework of those empires seems to be gaining an impressive foothold.² Even

1 Kövér, “Centripetal and Centrifugal Economic Forces.”

2 Berger and Miller, “Introduction: Building Nations.”

those scholars who study the Ottoman Empire, a textbook example of slow, drawn-out erosion, now emphasize the modern nature and the effectiveness of its sweeping imperial reforms.

However, the study of the “empire effect” has generated serious controversy with regard to the five decades leading up to World War I.³ In fact, economists and economic historians analyzing more or less similar data series have arrived at widely diverging conclusions. Of course, there have been differences both in terms of the size of the databases and the econometric methods applied, yet it is difficult to accept that scholars should arrive at diametrically opposed conclusions in evaluating the impact of any given country’s status as a colony in terms of its access to international money markets—in other words, in resolving the issue of whether colonies (without making a distinction between the colonies of white settlers and other types of colonies) were offered more favorable terms than sovereign states when acquiring loans in the London money-market.⁴ When examining the issue not so much from the perspective of the colonies, but from that of the various sovereign states entering the money markets on very different terms, yet another question arises: did investors in actual fact apply the same criteria in assessing colonies and sovereign states? For in the case of colonies, empirical guarantees proved to be a much more important factor than any financial parameter.⁵

The shift we see in the historical evaluation of the Habsburg Danubian empire is quite spectacular even though various scholars may not offer converging interpretations or may not necessarily, or fully, consider the quantitative results available in the context of these newly arising questions.⁶ What’s more, similar inquiries into the key parameters of Austrian and Hungarian government finance have shown that those parameters hardly exerted any “consistent and robust impact on the yields of state bonds.”⁷

* * *

From the perspective of the empire, the state debts of the Austro-Hungarian Monarchy after 1867 consisted of three distinct parts: loans acquired before

3 Ferguson, “Political Risk;” Ferguson and Schularik, “The Empire Effect;” Accominotti, Flandreau, and Rezzik, “The Spread of Empire.”

4 Ferguson and Schularik, “The Empire Effect.”

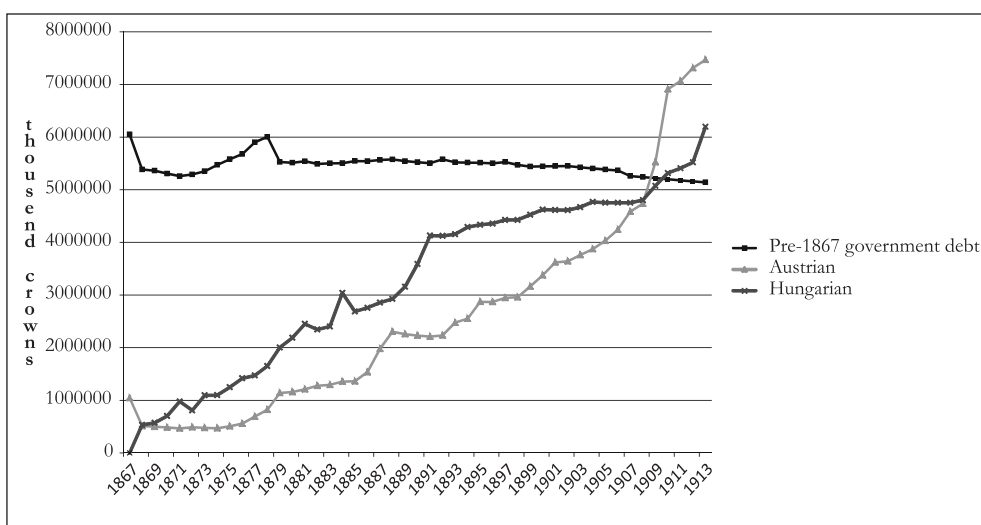
5 Accominotti, Flandreau, and Rezzik, “The Spread of Empire.”

6 Komlosy, “Imperial Cohesion.”

7 Pammer, “The Hungarian Risk,” 37.

1867; loans acquired by the Cisleithanian half of the empire after the Austro-Hungarian Compromise of 1867; and, finally, new state debt generated by the Kingdom of Hungary also after 1867. The first of these might, in effect, be called the “common debt” of the Monarchy—then again, this terminology would certainly contradict the official Hungarian position, which claimed that, in the context of public law, such debts were generated without Hungarian consent, therefore Hungary could not be held accountable for their repayment. However, as reflected in the wording of Hungary’s acts on the Austro-Hungarian Compromise of 1867, the Hungarian party, “out of fairness and political considerations,” was willing to contribute to the repayment of such debt to an agreed extent, in fact applying the so-called principle of *praecipuum* in the actual calculations. In other words, the Hungarian government agreed to make partial interest payments with respect to a principal amount that it never acknowledged as its own debt. Then again, this was not the only public-law absurdity in the Dual Monarchy.

Let us set the Hungarian public-law position aside for the time being and consider the following graph, which plots the Dual Monarchy’s state debt:



Graph 1. Austro-Hungarian State Debt (1867–1913)

Source: Clemens Jobst and Thomas Scheiber, “Austria-Hungary from 1863 to 1914,” in *South-Eastern European Monetary and Economic Statistics from the Nineteenth Century to World War II* (South-Eastern European Monetary History Network) (Athens, Sofia, Bucharest and Vienna: Bank of Greece, Bulgarian National Bank, National Bank of Romania, Oesterreichische Nationalbank, 2014), 97.

As a result of the reduction of the interest rate and the introduction of the coupon tax in 1868, the pre-1867, so-called “common debt” temporarily decreased. During the period leading up to the war of 1877–78, the “common debt” exceptionally increased once again, more or less reaching earlier levels. However, from this period on, the “common debt” remained practically unchanged, although it would be more accurate to say that it showed a slightly decreasing trend. After the Compromise of 1867, the two state parties—the two halves of the empire, Cisleithania (Austria) and Transleithania (Hungary)—had access to government loans as separate sovereign states. As a result of the situation that emerged after 1868, the Cisleithanian part of the empire had no access to new loans (the London Stock Exchange barred the trading of Austrian loans, and trading in Hungarian state debt had only been possible at a premium payable on top of the Austrian debts to begin with).⁸ This means that Hungary, entering first to the London Stock Exchange in 1872, had not only to overcome the difficulties of a newcomer, but also to cover the costs of the Austrian coupon tax on foreign bonds.⁹ The correspondence of the Austrian Minister-President Friedrich Beust and the head of the Paris House of Rothschild banking family, James de Rothschild, precisely reflects the basic structure of the debtor-versus-borrower game situation.¹⁰ James de Rothschild expressed his firm critical opinion; however finally—in contrast to the London Stock Exchange—the Paris Bourse did not exclude the Austrian bonds from the quotation list. At the same time the question increased the tensions among the branches of the Rothschild family, especially between Vienna and Paris.¹¹

8 Kövér, “The London Stock Market,” 168–69. Hungary’s finance ministry contracted the financial group of the Erlangers in an effort to circumvent Vienna and the Rothschilds. On the Erlangers, see Chapman, *The Rise of Merchant Banking*, 85–86.

9 In his estimations on the risk premium of newcomers, Michael Tomz does not take Hungary into consideration, presumably because the Hungarian five-percent bond was issued in London by Raphael and Sons only in 1872. Tomz, *Reputation and International Cooperation*, 59–60. The nominal interest rate was 5 percent, the issue price 81, so the yield (6.17 percent) was considerably below the average yields of newcomers at that time (8.6 percent). Clarke, “On the Debts of Sovereign,” 317–18. On Raphaels Bank, see Chapman, *Raphael Bicentenary 1787–1987*.

10 “Ich hoffe, daß Sie uns ein wenig mit ihren Rathschlägen un mit Ihrem Einfluß unterstützen werden.” Friedrich Beust to James de Rothschild, May 28, 1868. Quote from Corti, *Das Haus Rothschild*, 434. James Rothschild, in one of his last letters (he died in November 1868), explained his position: “Je comprends parfaitement qu’aujourd’hui l’Autriche veuille établir son budget sur les revenus du pays et non sur l’emprunt, mais ce serait tomber dans une exagération regrettable que de répudier absolument pour l’avenir le système des emprunts.” James de Rothschild to Friedrich Beust, June 2, 1868. Quote from Gille, *Histoire de la Maison Rothschild*, vol. 2, 486.

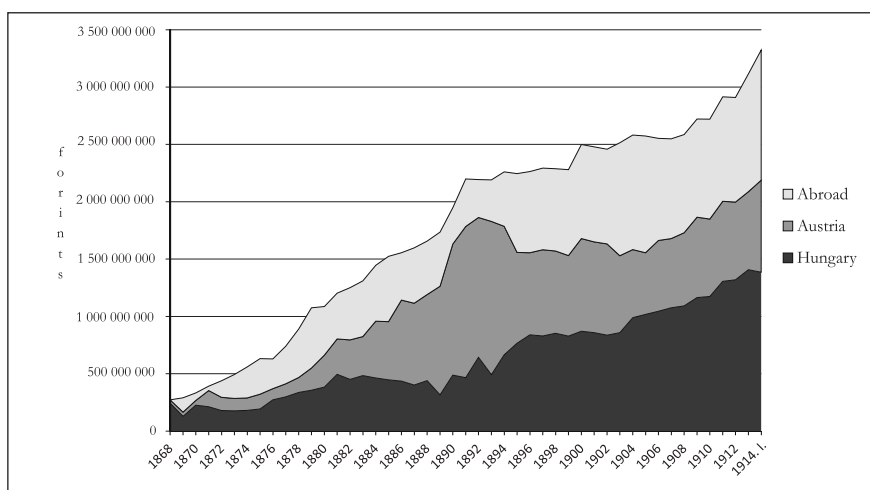
11 Ferguson, *The World’s Banker*, 690.

It is a fact that with the exception of the years immediately leading up to World War I, the state debt of the Austrian Hereditary Lands significantly lagged behind the indebtedness levels of the Kingdom of Hungary. Enjoying limited sovereignty, the Hungarian state made every effort after 1867 to make up for what it had missed out on due to having lost its own war of independence: during the period between 1849 and the Compromise of 1867, Hungary had not been in a position to issue its own sovereign debt. Plotting the rate of Hungarian sovereign debt accumulation in this first stage generates an unusually steep curve practically until the early 1890s, the second half of the 1880s being the only interim period showing some degree of self-restraint. Then, for about two decades around the turn of the century, Hungarian sovereign debt barely increased at all, or only at a very modest rate. In turn, the half decade leading up to World War I brought rapid sovereign debt accumulation both in Cisleithania and in Transleithania, although by this period the Austrian Hereditary Lands were by far in the lead.

Reviewing Austria's and Hungary's state debt curves in parallel, it is not a challenge to notice how the two move in close coordination. From the beginning of the 1870s and into the middle of the 1880s, the dynamic of Hungarian sovereign debt accumulation was, as it were, balanced out—one might be tempted to say, supported from the background—by Austria's own self-restraint and stability. Then in the second half of the 1880s, the slowing rate of Hungarian sovereign debt accumulation was offset by the increasing rate of Austrian sovereign debt accumulation. At the turn of the decade, the dynamics changed again: while Austria's accumulation of sovereign debt lost its momentum, this was compensated for by the dizzying rate at which Hungary's own sovereign debt started to increase. Then, from the period following the currency reform, Cisleithania's sovereign debt accumulation took center stage once again. Of course, one could interpret this contrapuntal game of sovereign debt accumulation rates as a manifestation of the harmonious cooperation between the two state parties involved, although with some understanding of the nature of the relations between Austria and Hungary at the turn of the century, this would be hardly credible. Not discarding this option entirely, the linkage between sovereign debt accumulation dynamics of the two states may well be rooted somewhere else. In observing the turnover of the securities (mostly through focusing on the interests paid), we have seen the two states as the main—almost only—protagonists. However, there was yet another main protagonist in the context of the debts of the Austro-Hungarian Monarchy, namely, the Rothschild–Creditanstalt–Dictono-Gesellschaft consortium, the

gateway through which the state bonds of the Dual Monarchy gained access to the global international money market. Between 1873 and 1910, with some exceptions, it was this consortium that acted in the role of the state banker in both halves of the dualistic state: it offered short-term bridge loans as well as what were called long-term consolidated government loans. It is therefore a good idea to take a brief look at the behavior of the issuing consortium in relation to the Austrian and Hungarian bonds.

Published sources in financial statistics allow us to rely on fairly accurate data as to where Hungarian state bonds were placed throughout the years.¹² The available data is based on the annual interest payments made by Hungary's Ministry of Finance. Despite the fact that coupons paid in Vienna or Paris do not necessarily belong to Austrian or French investors, this is the data series that literature has tacitly used to illustrate the countries from which the foreign capital financing Hungary's state debt originated. In fact, it does largely reflect the main trends, but it may be wise to consider that the data series reflects not so much states as, rather, currency zones. Whether the coupons were paid in Paris, Berlin or London was more a function of the *agio* or *disagio* of the franc, the mark, or the pound sterling against the Austrian currency (especially before 1892, the year in which the empire adopted the Austro-Hungarian krone as its official currency).



Graph 2. The Territorial Distribution of Holders of Hungarian State Securities as Reflected in the Place of Coupon Payment (1868–1914)

Sources: Fellner, *Die Zahlungsbilanz Ungarns*, Statement III; Fellner, “Das Volkseinkommen Österreich und Ungarn,” Table VII.

12 Fellner, *Die Zahlungsbilanz Ungarns*; Idem, “Das Volkseinkommen Österreich und Ungarn.”

The graph clearly indicates how in the initial stage, during the 1870s, the Viennese money market played a relatively modest role in financing the Hungarian state debt. The proportion of Austrian bond holders started to increase from the 1880s and peaked during the first half of the 1890s; during this same period, the proportion of Hungarian investors stagnated and even decreased. The turn of the century ushered in a new era when investors from abroad (i.e., from outside the Dual Monarchy) and the Hungarian capital market jointly absorbed the overwhelming majority of the Hungarian state debt.

The Monarchy's state bond market consciously took advantage of the fragmentation of the international capital market. It issued state bonds denominated either in gold or in gold currencies specifically for the international money markets, while its securities denominated in the Austrian bank currency were issued mostly for resident investors. It is possible to track the journey of the various securities one by one from their placement all the way to their payment, but this would go far beyond the limitations of this article. For this very reason, we will now focus primarily on trends in the issue and interest payment of the so-called Austrian and Hungarian four-percent gold rentes and the Austrian and Hungarian five-percent paper rentes especially with regard to the period when the monarchy implemented its currency reform and launched its rente conversion program.

Both the Austrian and Hungarian four-percent gold rentes were denominated in gold forints; accordingly, they were linked to the money markets of the gold currency countries through the gold forint exchange rate (the official exchange rates being 100 gold forints = 250 francs = 200 marks = 10 pounds sterling). Bond issues were strictly tailored to the needs and possibilities of the international capital market. The Austrian Hereditary Lands issued such denominations from 1876, with Hungary following suit in 1880. Already in 1876, partly because of the earlier unification and interest rate reduction, the Cisleithanian lands could reenter the international capital market offering four-percent rentes; in turn, Hungary's financial situation at the time only allowed the issue of six-percent gold rentes, and it was only at the beginning of the 1880s that Hungary, too, could switch to four-percent gold rentes.

From 1876 until the end of the 1880s, Austria acquired loans in the amount of 340,850,000 gold forints by issuing gold rentes; during the decade of the 1880s, Hungary's total sovereign debt denominated in this type of security amounted to 592,000,000 gold forints. During the 1880s, both state parties also issued five-percent paper rentes to cover their capital requirements, primarily

targeting domestic investors looking for opportunities to place their savings. During the 1880s, the Austrian state issued five-percent paper rentes in a total nominal value of 238,877,100 forints, while the Hungarian state's bond issues amounted to a total nominal value of 358,487,000 forints.¹³ As can be seen from these figures, the Hungarian party's capital needs were significantly higher in the case of both types of rente bonds. In the case of paper rente, at the time of the first issue, both governments made attempts to contract other consortia (in Vienna, Julian Dunajewski contacted the *Länderbank* group, while in Pest Gyula Szapáry entered negotiations with a consortium led by the Union-bank of Vienna), but eventually both found their way back to the consortium belonging to the Rothschilds, whom they inevitably needed anyway when it came to the issuance of gold rentes. This clearly shows how closely interrelated the various rentes were, not only in terms of the issuing government (Austria or Hungary), but also in terms of their denomination (gold forints versus paper forints).

Already during the second half of the 1870s, Austrian four-percent gold rente prices and Hungarian six-percent gold rente prices were closely interrelated. In a letter written to the management of *Creditanstalt* and discussing, among other things, the issue of the second tranche, Adolph von Hansemann, general manager of Berlin-based *Disconto-Gesellschaft*, went as far as making the following—quite straightforward—statement: “as soon as the Austrian gold rente appreciates to 61 percent [. . .] time will have come to issue the Hungarian gold rente.”¹⁴

From the time of its very birth, the Hungarian four-percent gold rente was in the limelight of both the domestic and international press. A wide range of factors were put forward in an effort to explain the success of the May 1881 issue of the rente, the improvement in Hungary's finances being evidently one of the more reasonable explanations. At the same time, many were quick to comment that while the finances of Hungary were in fact improving, its deficit levels remained unchanged, “without much of a guarantee for the country's political future.” The fact of the matter is that subscribers “put their confidence in the Messrs. Rothschild rather than in Hungary, and, generally speaking have

13 *Statistische Tabellen*, 316–18; *A valuta-ügyre vonatkozó statisztikai adatok*, 106–14; Kövér, “A bécsi Rothschildok.”

14 “Wenn die Österreichische Gold Rente auf 61% geht, wird allgemein sich das Gefühl Bahn brechen, daß der richtige Zeitpunkt für die Emission der Ungarische Goldrente zugekommen sein wird.” A. v. Hansemann – CA, Berlin, 7 Jun 1877. 7. Rothschild Archive, London (hereafter RAL) 637 – 1 – 45.

no intention to hold what may be allotted them, but hope to sell at a premium.”¹⁵ Even those voicing their indignation or bewilderment about this state of the affairs had to come to grips with the fact that Austrian and Hungarian securities were valued differently, even though the difference in their valuation decreased somewhat over time.¹⁶ Even in the very last stage of converting six-percent rentes into four-percent rentes, press commentaries always tried to offer some sort of a rational explanation with respect to the price-level differences between Austrian and Hungarian securities, even though they could only guess the probability of any given future development.¹⁷

15 *The Statist*, May 20, 1881.

16 Contemporary commentators remained puzzled about the price difference for quite some time. “Perusing the official stock exchange listings, one cannot but sadly note that Hungarian state securities are underpriced by 5% as compared to Austrian state securities. The reasons for this phenomenon are truly beyond explanation and may root in the circumstance that European markets have been familiar with Austrian government issues for longer than they have been with Hungarian government issues. They have forgotten about the coercive levying of taxes on coupons and financial gains.” The author of this quote, József Steiner, believed such market attitude was “comical and frivolous” in light of the fact that “the Hungarian state offered more guarantees in each and every respect.” “Államadósságok szaporítása” [The increase in state debt], *Magyar Pénzügy*, April 16, 1882. The decrease in the price gap did not serve to mitigate the perplexity either: “While the most recent price changes significantly decreased the price gap between Hungarian and Austrian rentes, it nevertheless remains quite wide; by now, any difference whatsoever can only be seen as political absurdity and financial injustice [. . .] costing the state millions year after year.” “A magyar államhitel alakulása” [The trend in Hungarian state loans], *Magyar Pénzügy*, May 2, 1889.

17 “It should be borne in mind that although separate accounts are kept of the finances of Hungary, as distinguished from those of Austria, yet both are equally under the auspices of the same Imperial-Royal Government of Austro-Hungary, and the security for each is ultimately identical. Consequently, there is no reason why there should be so great a difference in the market value of the Austrian Four per cents and those of Hungary, except that the latter are not yet placed. It is not at all improbable that when the Hungarian Sixes are all withdrawn, and the Fours all absorbed, that the latter will take rank with the Austrian 4-s, now quoted at 86. Those, therefore, who get into the Hungarian Fours at the price of 75, may before long have good reason to congratulate themselves on their pluck and foresight.” “The Hungarian Debt Conversion,” *The Statist*, March 29, 1884.

	Average Price		Profitability*	
	4% Austrian	4% Hungarian	4% Austrian	4% Hungarian
1876	**70.80		6.79	
1877	73.90		6.62	
1878	72.93		6.43	
1879	78.64		5.91	
1880	87.59		5.33	
1881	93.40	90.74	5.00	5.10
1882	94.41	87.29	5.03	5.40
1883	98.69	87.94	4.82	5.40
1884	102.66	92.20	4.71	5.20
1885	108.27	97.90	4.56	5.00
1886	115.60	104.57	4.32	4.70
1887	111.44	100.04	4.49	5.00
1888	110.18	99.43	4.46	4.90
1889	109.98	101.45	4.31	4.60
1890	108.50	102.43	4.25	4.50
1891	109.93	104.46	4.22	4.40
1892	113.28		4.19	
* Profits calculated according to the annual average of the gold agio.				
** First issued on December 22, 1876.				

Table 1. A. The Annual Average Price and Profitability of Austrian and Hungarian Gold Renten

	Average Price		Profitability (Yields)	
	5% Austrian	5% Hungarian	5% Austrian	5% Hungarian
1881	95.48	88.35	5.24	5.6
1882	91.48	86.28	5.46	5.7
1883	93.20	86.59	5.36	5.7
1884	95.81	88.76	5.22	5.6
1885	98.98	91.03	5.05	5.4
1886	101.52	94.45	4.92	5.2
1887	96.26	87.83	5.19	5.7
1888	95.54	88.04	5.23	5.6
1889	99.99	95.79	5.00	5.2
1890	101.63	99.55	4.92	5.02
1891	102.09	101.22	4.90	4.93
1892*	101.14		4.94	

Table 1. B. The Annual Average Price and Profitability of Austrian and Hungarian Paper Renten

* After the decision concerning bond conversion(s).

Sources: *Statistische Tabellen zur Währungs-Frage der Österreich-Ungarischen Monarchie*, 306; *Tabellen zur Währungs-Statistik* (Vienna, 1893), 253; *A valuta-ügyre vonatkozó statisztikai adatok*, 115.

Economic history literature has also dedicated a lot of attention to the question of the price difference between Austrian and Hungarian state securities (and the moderation of such difference around the time of the currency reform) through the work of authors such as John Komlos, Marc Flandreau, and, most recently, Michael Pammer.¹⁸ The quantitative analysis carried out has helped discard many factors that had been given serious consideration earlier, when the discourse on these issues had been still mostly based on guesswork. However, some archival sources, such as, first and foremost, the correspondence between the banking and finance houses of the Rothschilds still offer further opportunities. In addition to highlighting the asymmetrical nature of the relationship between the Rothschild consortium and the Austrian and Hungarian governments, they also reflect the conflict and rivalry characterizing the internal life of the consortium. As a typical episode manifesting such rivalry, we might mention the apprehensions of the Rothschilds of Vienna about how the Berlin banks and especially A. Hansemann, general manager of Disconto-Gesellschaft, aspired to gain a leading role in the transactions; they were of the opinion that in issues of currency regulation and gold procurement, London and Vienna should be granted exclusive leadership. At the same time, they had no doubts about the fact that, when it comes to loan negotiations, the finance ministers of Austria and Hungary would favor the Rothschild consortium over any other financial group.¹⁹ In a much broader sense than it was originally used by Flandreau and Flores we could speak about a “Rothschild effect.”²⁰

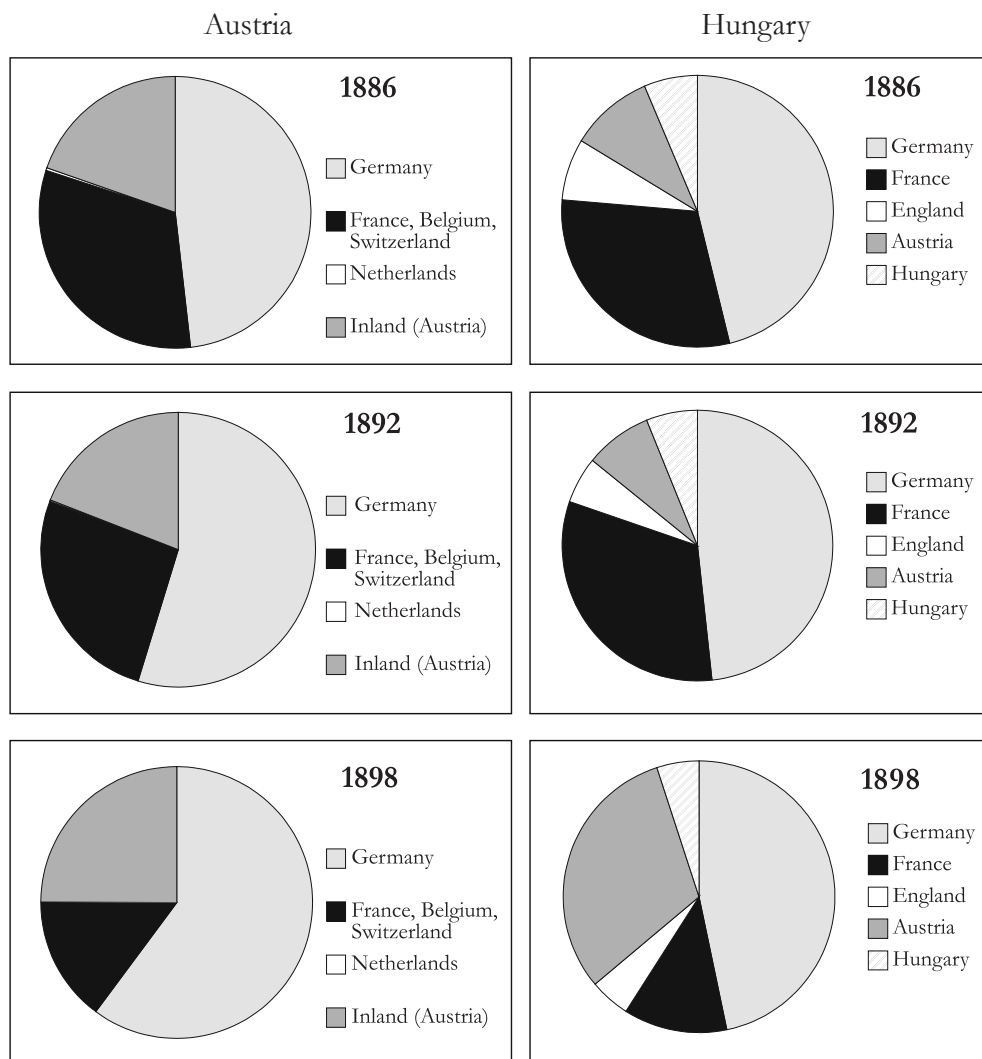
Throughout the period, the primary target of Austrian gold rente issues was increasingly Germany (by 1898, Germany’s total share reached 60 percent). The French money market played a significant role initially, but its share gradually dwindled away, with German investors moving in to take over;²¹ Belgium and

18 Komlos, *The Habsburg Monarchy as a Customs Union*, 173–84; Flandreau, “The Logic of compromise”; Pammer, “The Hungarian Risk,” 23–52.

19 RAL 637 – 2 – 3. Albert Rothschild, Wien – NMR, London, 29 Jan 1892.

20 The authors distinguish “clean” state bond issues from “tainted” ones. “For new clean bonds the Rothschilds’ yield premia are about 300 basis points lower than average for the category. This is an enormous effect: the Rothschilds could bring new borrowers to the market at very attractive terms. Seasoned tainted issues when they were taken in by the Rothschilds also enjoy a reduction of 100 basis points, meaning that prestige could restore credit.” Flandreau and Flores, “The Peaceful Conspiracy: Bond Markets and International Relations During the Pax Britannica,” 226.

21 On the “relative stagnation and depression” in French Current Account balance between 1882 and 1897, see the following classic work: Cameron, *France and the Economic Development of Europe*, 79–82. On the political and economic motives that impelled the withdrawal of French capital, see Ránki, “Le capital français en Hongrie.” Earlier the political explanation was dominant in the French capital export



Graph 3. Changes in the Territorial Distribution of Austrian and Hungarian Four-Percent Gold Rente Coupon Payments Made in International Money Markets (1886–1898)

Sources: *Statistische Tabellen zur Währungs-Frage der Österreich-Ungarischen Monarchie*, *Tabellen zur Währungs-Statistik*, 1893; *Tabellen zur Währungs-Statistik*, 2nd edition, 2nd part (Vienna, 1900–1904); *A valuta-ügyre vonatkozó statisztikai adatok*, 1891; *A valuta-ügyre vonatkozó statisztikai adatok (1892–1901)* (manuscript) (Budapest, Hungarian Royal Finance Ministry, 1904).

movements, although currently the rationality of investor decision-making has regained its appropriate role among the arguments. Parent and Rault, “The Influence Affecting French Assets,” Le Bris, “Why Did French Savers Buy Foreign Assets.”

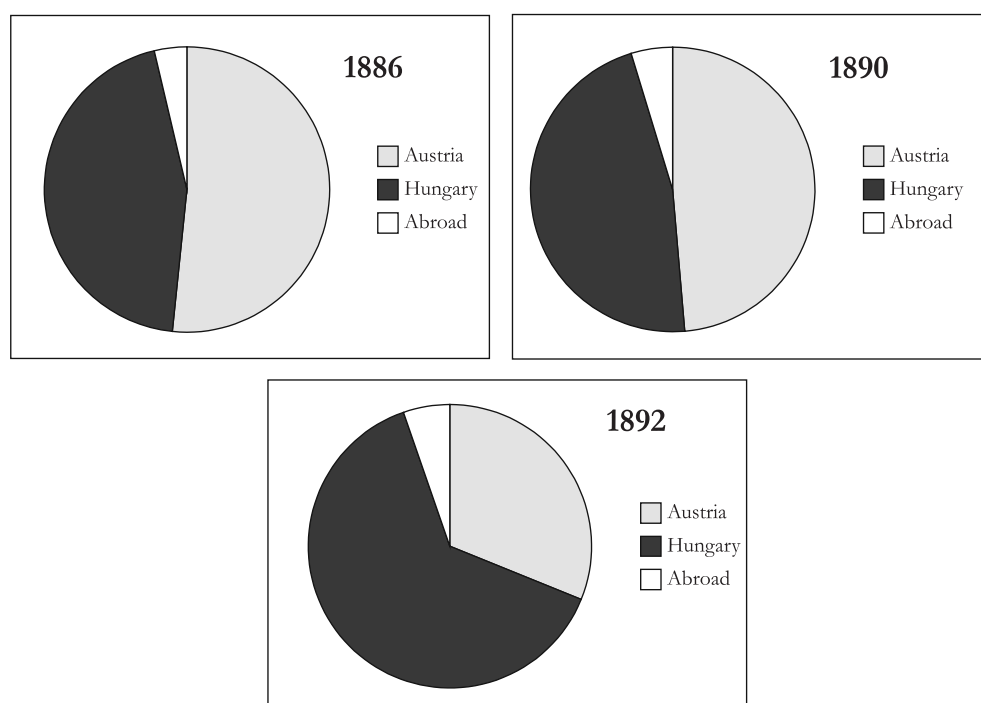
Switzerland, in turn, never held significant amounts. In the meantime, the proportion of Austrian bondholders increased from one-fifth to one-fourth. During the 1890s, Austrian capital carved out a dynamically increasing share for itself among Hungarian four-percent gold rente holders; here, it was the Austrians who took over the role of the quickly retreating French bondholders. It may be worth mentioning that there was no change in the proportion of Hungarian gold rentes held by Germans, British, or Hungarians during the period. Consequently, taking a look at changes in the placement of Austrian and Hungarian four-percent gold rentes in parallel, we can conclude that while French bond holders pulled out of the bond markets of both governments, those who entered these markets in their place were primarily German investors in the case of Austria and Austrian investors in the case of Hungary. In other words, the increase in the share of Austrian investors in Hungary was mostly made possible by the placement of Austrian securities in Germany (the crowding-out effect).

A look at where Hungarian five-percent paper rente coupon payments were made around the turn of the 1880s and 1890s also offers interesting lessons. It may be worth adding that in the case of this type of security, the Hungarian finance minister placed special emphasis on making sure that the largest possible portion of the securities were held by Hungarian investors. Not even the banks' archives allow us to reconstruct the sale of paper rentes in a fully detailed fashion, but it seems to be beyond any doubt that sales in Hungary showed a declining trend. In 1882, as much as 45 percent to 47 percent of the securities were sold in Hungary; by 1887, the rate dropped to less than 30 percent, with sales in Austria ramping up to over 60 percent.²² All this occurred despite the fact that the Hungarian member of the consortium, the General Credit Bank of Hungary, increased its own share from ten percent in 1882 to eleven percent in 1887. When negotiations started about the 14th issue in 1887, and the minutes of Credit Bank's board of directors meeting recorded the fixed-price takeover of a package of five-percent paper rentes in a total nominal value of 23,000,000 forints, the following comment was made nearly routinely: "Our participation is eleven percent, although we transfer two percent of the entire transaction to financial institutions with whom we are closely affiliated."²³ On the day of closing the transaction, the head of the Vienna

22 RAL 637 – 1 – 46-51. See Kövér, *A bécsi Rothschildok*, 148.

23 Hungarian National Archive State Archive (hereafter MNL OL) Z 50 9. cs. 3. t. MÁH igazgató tanács jk. April 25, 1887. On the very same occasion, under the next agenda item, it was decided that the consortium would take over Austrian five-percent paper rentes in the amount of 24 million forints. Hitelbank had a share of six percent in this package. Ibid.

Rothschilds sent off first a telegram and then a detailed letter to his cousins in Paris informing them about the terms of the deal: a package of Hungarian paper rentes in a total nominal value of 23 million forints was to be taken over at a fixed price of $85\frac{3}{4}$ (the quoted daily price being $88\frac{3}{4}$). He did not believe that a public subscription would be necessary; however, the bonds became available over the counter (*Schalterwege*) in Vienna, Pest, and Berlin the very same day. Negotiations with the Austrian finance minister also started the very same week.²⁴ The option for the next tranche arising from the contracts was formulated by Creditanstalt's board of directors in even greater unison under the brief title *Consortien für Oesterreichische und Ungarische Papierrente*.²⁵



Graph 4

The Territorial Distribution of Hungarian Five-Percent Paper Rente Coupon Payments
(Austrian Forint Currency, Percent)

Source: *A valuta-ügyre vonatkozó statisztikai adatok* (Budapest, 1891), 80–86; *Tabellen zur Währungs-Statistik*, 2nd edition, 2nd part (Vienna, 1900–1904). 466, 484.

24 RAL 637 – 1 – 50 S. M. Rothschild – Rothschild frères, Vienna, March 28, 1887. (Curiously, the letter is addressed to “Meine lieben Vettern.”)

25 The matter discussed was taking over Austrian Märzrente in the amount of six million forints and Hungarian paper rentes in the amount of five million forints. BA-CA, CA-V, CA – Verwaltungsrath-Protokoll vom 24 Mai 1887.

However, financial statistics on coupon payment suggest that Hungary held on to its share of 44 percent to 46 percent in 1886 as well as in 1890, and that, in fact, the proportion of Hungarian investors increased to 63 percent by 1892 (while the proportion of Austrian investors dropped to less than one-third just before the conversion of the paper rentes). The scarce statistical data we have on the coupon payment of Austrian paper rentes seems to indicate that all payments were made in Austria, even though this is somewhat difficult to believe in the light of the aforesaid. What may have happened at most is that certain old views lingered on within the system of financial statistics, treating the Austro-Hungarian Monarchy as a unified entity in this respect.²⁶

As far as the Austrian gold rente strategy of the Vienna Rothschilds is concerned, the stock book itemizes, at best, certain occasional purchase or sale transactions related to high or increasing price levels or designed to influence price levels on an ad hoc basis. In the long run, they expected Hungarian gold rente prices to increase. They gradually increased their stock in this type of bond as prices rose, and when price levels peaked, they sold off an overwhelming part of the stock of bonds they had held. Also noteworthy is to what extent their expectations depended on international arbitrage; this link is clearly demonstrated not only by the fact that they kept bonds on deposit with Bleichröder but also by their speculation on the Berlin parity.

In terms of strategy, the strongest similarities are seen between Hungarian gold rentes and Hungarian paper rentes, even though in the case of the latter, expectations focused not on selling the paper rentes, but specifically on their conversion into krone rentes. However, the price difference between Austrian and Hungarian state bond issues never entirely disappeared even after transition to the krone.²⁷

It seems especially worthy of our attention that the prices of the Austrian and Hungarian state bond issues remained interlinked even after the Rothschild consortium lost its monopolistic position in Cisleithania as far as Austrian

26 Imperial and Royal Finance Ministry, *Tabellen zur Währungs-Statistik*, 276–77. Referencing Ottomar Haupt, another source understands that the placement of Austrian paper rentes showed the following distribution: Austria, 81 percent; Hungary, 9 percent; and third countries, 10 percent. Flandreau, “The Logic of Compromise,” 17.*

27 The fear of the Monarchy’s dissolution is analyzed as a political factor from various points of view and using various methods in Flandreau, “The Logic of Compromise,” 14–19, and Pammer, “The Hungarian Risk,” 40–43.

	4% Austrian Gold Rente			4% Hungarian Gold Rente				5% Hungarian Paper Rente			
	Nominal Value (Thousand ft)	Quoted at (%)	Real Value at Quotation Price (ft)	Nominal Value (ft)	Quoted at (%)	Real value at Quotation Price (ft)	Note	Nominal Value (Thousand ft)	Quoted at	Real Value at Quotation Price (Thousand ft)	Note
Jan 1888				520,000	96	499,200	249,700 forints deposited with Bleichröder	890	80	712	
Jan 1889				500,000	95.78	478,895		900	93	837	
Jan 1890	5	108	5,400	600,000	100	600,000	Berlin parity	500	97	485	
Jan 1891				600,000	102	610,000	deposited with Bleichröder	1,250	100	1,250	guarantee bond: 950,000
Jan 1892				600,000	106	636,000		1,250	100	1,250	
Jan 1893				100,000	91.60	91,600		2,060	100.25	2,064	
Feb 1893							from conversion 17,900				converted into 4% Hungarian korona rente
Jan 1894	372	118	438,960	117,900	116	136,764	100,000 forints deposited with Bleichröder				
Jan 1895				117,900	121	142,459					
Jan 1896				117,900	121.50	143,248					
Jan 1897				117,900	120.50	142,070					
Jan 1898				117,900	119.70	141,126					
Jan 1899				117,900	115.30	135,938.70					
Jan 1900				50,000	116.60	**116,600	** Korona				

Table 2. Austrian and Hungarian Bonds in the Stock Books of S. M. Rothschild Vienna
Source: RAL 637 - 1 - 163; 637 - 1 - 7

Year	Month	Austria		Hungary				Note	
		Type	Amount Issued for Subscribing (K)	Issued at	Effective Annual Interest Rate	Type	Amount Issued for Subscribing (K)		Issued at
1893	I	4% state bond	519,298,000	93.50	4.28				
	I	4% amortizable railway bonds	120,000,000	96.00	4.21				
	II	4% gold rente	*60,000,000	98.50	4.06	4% gold rente*	*18,000,000	96.20	4.16
	II					4% Krone rente	1,062,000,000	92.50	4.32
1894	III	4% gold rente	*40,000,000	97.75	4.09				
1897	V	3½ % state bond	116,901,000	93.50	3.74				
1898	III					3½ % Krone rente	60,000	92.50	3.78
1900	V					4% Krone rente	70,000,000	91.00	4.39
1901	VI	4% Krone rente	125,000,000	95.00	4.21				
1902	IV					4% Krone rente	1,087,470,000	96.50	4.14
1910	IV					4% Krone rente	112,550,000	92.50	4.78
1911	I					4% state bond	200,000,000	91.60	4.37
1912	I	4% Krone rente	130,000,000	98.50	4.56				
	I	4% Krone rente	200,000,000	90.25	4.43				
1913	IV	4½ % amortizable state bond	**122,800,000	93.00	4.90				** marks
1914	II					4½ % amortizable state bond	500,000,000	90.45	5.08

Table 3. The Prices and Interest Rates of Austrian and Hungarian Consolidated Government Loans at the Time of Subscribing (1893–1914)
Source: MNL OL Z 51 MAH 16. cs. 226. t.

state bonds were concerned.²⁸ One way to interpret this is that the influence that the Rothschild consortium retained on Hungarian state bonds even after Albert's death provided additional safeguards against any major diversion from the internationally accepted terms. It would therefore appear that while the international market treated Hungary's state bonds as the public debt of a sovereign state²⁹ (there seems to exist no other worthwhile explanation as to why the price difference, moderating at times but always reappearing, persisted), it still considered Austria and Hungary to be economically interdependent parts of the same, albeit politically dual, monarchy even as the threat of the dualist state's dissolution emerged more and more frequently from the turn of the century onwards. The influence wielded by the Rothschild consortium certainly played a supporting role in ensuring that neither of the constituent states of the Austro-Hungarian Monarchy went bankrupt.

* * *

Customarily, there are a number of relative indicators in use to measure the rate of the sovereign debt of Austria and Hungary: the sovereign debt expressed in absolute terms is taken in relation to the size of the population (public debt per capita) or to the rate of GDP growth (on the basis of Max Schulze's data),³⁰ while Marc Flandreau analyzed interest burden data in the light of government revenues.³¹

This latter method of calculation has its own difficulties. For one, in order to establish the actual amount of interests paid, the contribution paid by both Austria and Hungary towards their "common debt" must also be considered. It must also be mentioned that Austria and Hungary followed very different practical standards when recording the revenues and expenditures of state companies for the purposes of public finance accounting.³²

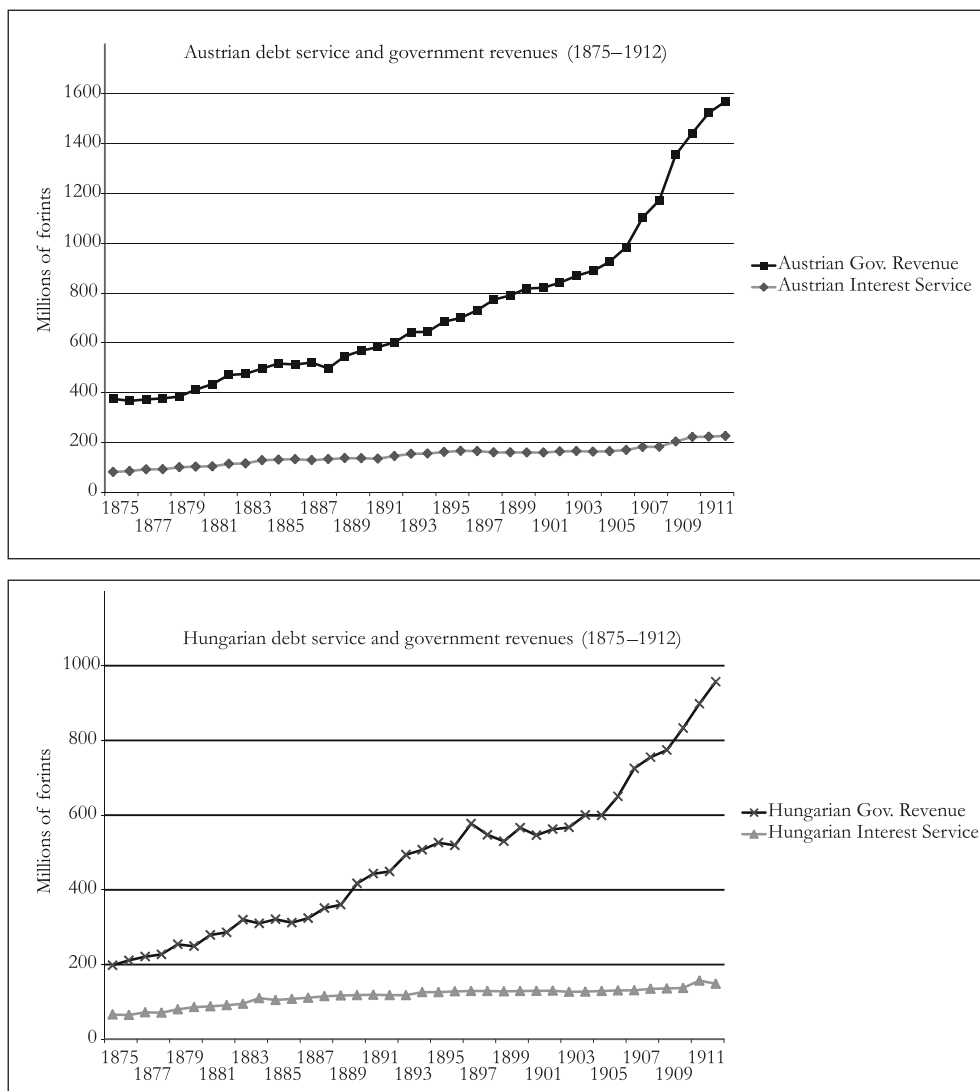
28 Michel, *Banques et banquiers en Autriche*, 127–35. The overall picture is too complicated to allow any oversimplification of the process as a one-way-street or cul-de-sac. Cf. Ferguson, *The World's Banker*, 935–38.

29 Flandreau, "The Logic of Compromise," 18.

30 Pammer, "The Hungarian Risk," 32–37.

31 Flandreau, "The Logic of Compromise."

32 Eddie, "Limits on the Fiscal Independence."



Graph 5 a-b. Austrian and Hungarian Debt Service and Government Revenues (1875–1912) in Millions of Forints

Source: Flandreau, “The Logic of Compromise,” 31.

In the Austrian Hereditary Lands—which bore the brunt of paying back the “common state debt”—the debt-service ratio fluctuated by around one-fourth during the 1870s and all the way through the 1890s. It was only successfully decreased to a level lower than one-fifth around the turn of the century. By 1912, right before World War I, it was under 15 percent. Referencing Graph 1 once again, this was obviously only possible due to the fact that government

revenues increased much more dynamically than the country's debt service, and as Table 3 allows us to conclude, there was no deterioration in the terms of issue of state bonds. During the 1870s and the 1880s, Hungary's debt-service ratio hovered around one-third, and it was only pushed under the critical threshold of 30 percent around 1890. However, the debt burden slowly but surely grew in both halves of the empire. In Hungary, annual government revenue levels varied wildly around the turn of the century, primarily because of poor crops and years of economic crisis. Consequently, the relative burden of the country's debt service was never lower than one-fifth until after 1906, although by 1912—just as in Austria—it was lower than the 15-percent threshold. Thus, during the 1890s—after an ominous start, in the wake of its currency reform and debt conversions—the Austro-Hungarian Monarchy finally broke out of the zone (a debt service ratio of over 25 percent) that was typical of heavily indebted states.³³ And this is where the Rothschild consortium's role in debt consolidation merits more of our attention among other factors pertaining to the international money market.

The credit that a state can obtain on the international money market depends on several factors. Recent economic, economic-history and even international political-science analyses have placed particular significance on the role that the reputation of an indebted country plays in determining its creditworthiness. The reputation of a country is based not only on its past, that is, whether it has previously taken out loans, whether it has repaid loans promptly or has perhaps become insolvent (or asked for rescheduling of its debt), but on the estimation of whether under exceptional circumstances (natural catastrophe, war, economic crisis, etc.) it will prove capable and inclined to maintain its solvency. It is important to be familiar with the motives of the creditors (bankers and investors) in each given situation: the information they possess when evaluating requests for credit; the network of connections and amount of capital that capital-market players have at their disposal, the degree to which they are committed to participating in the transaction (are they trying to cut their losses as the result of endangered previous engagements, are they going after their money?). The standing of an indebted country in the international money-market hierarchy determines its position—its degree of access to the primary market centers (which in the nineteenth century were London and Paris).

33 Accominotti, Flandreau, and Rezzik, "The Spread of Empire," 401.

The Austrian Empire had the reputation as a bad debtor already before the Compromise of 1867. The decision of the Austro-Hungarian Monarchy in 1868 to unify and convert the banknotes in which its debt was denominated and to introduce a coupon tax in the interest of stabilizing its state finances served to further impair this reputation. The aforesaid measures cast a shadow upon Hungary as well just as the country was entering the international market. The semi-sovereign Hungarian state claimed in vain that the so-called “old debts” had been accrued without its consent and that it thus had no debts of its own, since potential creditors did not have a positive historical judgement of its behavior as a debtor and it even seemed to be conceivable that the state could declare insolvency at any time. Indeed, the Transleithanian half of the Austro-Hungarian Monarchy began to accumulate sovereign debt so rapidly that it was nearly forced into sovereign default in 1873. The commitment of Hungary to the Rothschild–Creditanstalt–Disconto-Gesellschaft consortium played a decisive role in averting such default. The decision in favor of the Rothschilds was based not only on their extensive international network, rapid communications, immense prestige, enormous amount of capital and high degree of competitiveness, but on the fact that they had long been heavily involved in Austrian financial affairs and in their quasi-monopoly position were able to assess relatively favorable costs.³⁴ Cisleithania, however, was forced under its post-1868 financial circumstances to refrain from rapidly accruing debt and, in fact, assumed the role of creditor within the internal market of the Dual Monarchy. However, the influence of the Rothschilds was not unlimited: for example, they attempted for almost a half century to rescue Spain from insolvency, though when the country’s debt was nevertheless rescheduled in the 1870s, they withdrew from the Spanish government-bond market and sought—and found—compensation in various enterprises (railway and mining).³⁵ By contrast, after initial hardships, yields on Hungary’s state debt with some lag were able to keep up with the profitability on the again gradually increasing Austrian state debt. Hungary’s state debt did not follow the typical path of newcomers.³⁶ It was able to forge benefit from its initial handicap via the integration of the Dual Monarchy’s money markets, particularly after the adoption of the Limping Gold Standard in 1892. The Hungarian money-market—through its close connection with the Wiener Börse

34 Flandreau and Flores, “The Peaceful Conspiracy,” 220–29; López-Morell, *The House of Rothschild*, 361–64.

35 López-Morell, *The House of Rothschild*, 191–213, 362–81.

36 Cf., Tomz, *Reputation and International Cooperation*, 39–69.

and the Austro-Hungarian Bank—was able to gain admission to the “financial clique” at the forefront of the international network. Without this affiliation, Hungary would have unlikely been able to emerge from its peripheral position.³⁷

Bibliography

Primary sources

Historisches Archiv der Bank Austria Creditanstalt (BA-CA)

CA-Verwaltungsrath-Protokolle (CA-V)

Magyar Nemzeti Levéltár Országos Levéltár [Hungarian National Archive State Archive] (MNL OL)

Z 50 Magyar Általános Hitelbank Rt. Közgyűlés és igazgatóság [Hungarian General Credit Bank Ltd, General Assembly and Minutes of the Board]

Z 51 Magyar Általános Hitelbank Rt. Titkárság [Hungarian General Credit Bank Ltd, Secretariat]

Rothschild Archive, London (RAL)

637 – 1 – 7

637 – 1 – 45-51

637 – 1 – 163

637 – 2 – 3

A valuta-ügyre vonatkozó statisztikai adatok, [Statistical data regarding foreign-currency affairs]. Budapest: M. Kir. Pénzügyminisztérium, 1891.

A valuta-ügyre vonatkozó statisztikai adatok (1892–1901) Manuscript [PM], 1904.

Clarke, Hyde. “On the Debts of Sovereign and Quasi-Sovereign States, Owing by Foreign Countries.” *Journal of the Statistical Society* 41 (1978): 339–41.

Jobst, Clemens, and Thomas Scheiber. “Austria-Hungary from 1863 to 1914.” In *South-Eastern European Monetary and Economic Statistics from the Nineteenth Century to World War II* [SEEMES], 55–100. Athens–Sofia–Bucharest–Vienna: Bank of Greece / Bulgarian National Bank / National Bank of Romania / Oesterreichische Nationalbank, 2014.

Statistische Tabellen zur Währungs-Frage der Österreich-Ungarischen Monarchie, 1892.

Tabellen zur Währungs-Statistik. Vienna: Verf. k. k. Finanz-Ministerium, 1893.

Tabellen zur Währungs-Statistik, FM. 2nd edition, 2nd part. Vienna, 1900–1904.

Magyar Pénzügy, 1882, 1889.

The Statist, 1881, 1884.

37 Flandreau and Jobst, “The Ties that Divide,” 988–92.

Secondary sources

- Accominotti, Olivier, Marc Flandreau, and Riad Rezzik. “The Spread of Empire: Clio and the Measurement of Colonial Borrowing Costs.” *Economic History Review* 64, no. 2 (2011): 385–407.
- Berger, Stefan, and Alexei Miller. “Introduction: Building Nations in and with Empires—A Reassessment.” In *Nationalizing Empires*, edited by Stefan Berger and Alexei Miller, 1–31. Budapest–New York: Central European University Press, 2015.
- Cameron, Rondo. *France and the Economic Development of Europe, 1800–1914: Conquests of Peace and Seeds of War*. Princeton–New Jersey: Princeton University Press, 1961.
- Chapman, Stanley. *The Rise of Merchant Banking*. London: George Allen & Unwin, 1984.
- Chapman, Stanley. *Raphael Bicentenary 1787–1987*. London: Raphael Zorn, 1987.
- Corti, Egon Caesar Conte. *Das Haus Rothschild in der Zeit seiner Blüte 1830–1871*. Leipzig: Insel Verlag, 1928.
- Eddie, Scott. “Limits on the Fiscal Independence of Sovereign States in Customs Union: Tax Union Aspects of the Austro-Hungarian Monarchy, 1868–1911.” *Hungarian Studies Review* 9, no. 2 (1982): 7–28.
- Fellner, Friedrich. *Die Zahlungsbilanz Ungarns: Ein Beitrag zur Lehre von der internationalen Zahlungsbilanz im Allgemeinen*. Vienna–Leipzig: Franz Deuticke, 1908.
- Fellner, Friedrich. “Das Volkseinkommen Österreich und Ungarn.” *Statistische Monatschrift*, 42 (1916): 485–625.
- Ferguson, Niall. *The World’s Banker: The History of the House of Rothschild*. London: Widenfeld & Nicolson, 1998.
- Ferguson, Niall. “Political Risk and the International Bond Market between the 1848 Revolution and the Outbreak of the First World War.” *Economic History Review* 59, no. 1 (2006): 70–112.
- Ferguson, Niall, and Moritz Schularik. “The Empire Effect: The Determinants of Country Risk in the First Age of Globalization, 1880–1913.” *The Journal of Economic History* 66, no. 2 (2006): 283–312.
- Flandreau, Marc, and Clemens Jobst. “The Ties that Divide: A Network Analysis of the International Monetary System, 1890–1910.” *The Journal of Economic History* 65, no. 4 (2005): 977–1007.
- Flandreau, Marc. “The Logic of Compromise: Monetary Bargaining in Austria-Hungary, 1867–1913.” *European Review of Economic History* 10, no. 1 (2006): 3–33.
- Flandreau, Marc, and Juan H. Flores. “The Peaceful Conspiracy: Bond Markets and International Relations During the Pax Britannica.” *International Organization* 66, no. 2 (2012): 211–41.

- Gille, Bertrand. *Histoire de la Maison Rothschild, vol. 2, 1848–1870*. Geneva: Librairie Droz, 1967.
- Komlos, John. *The Habsburg Monarchy as a Customs Union: Economic Development in Austria-Hungary in the Nineteenth Century*. Princeton: Princeton University Press, 1983.
- Komlosy, Andrea. “Imperial Cohesion, National Building and Regional Integration in the Habsburg Monarchy, 1804–1918.” In *Nationalizing Empires*, edited by Stefan Berger and Alexei Miller, 369–427. Budapest–New York: Central European University Press, 2015.
- Kövér, György. “The London Stock Market and the Credit of Austria-Hungary.” *Acta Historica Academiae Scientiarum Hungaricae* 34, no. 2–3 (1988): 159–70.
- Kövér, György. “Centripetal and Centrifugal Economic Forces in the Austro-Hungarian Monarchy.” In *Der Markt im Mitteleuropa der Zwischenkriegszeit/The Market in Interwar Central Europe*, edited by Alice Teichova, Alois Mosser and Jaroslav Patek, 341–47. Prague: Karolinum Press, 1997.
- Kövér, György. “A bécsi Rothschildok és az 5%-os magyar papíráradék (1881–1893)” [The Viennese Rothschilds and the five-percent Hungarian paper rente, (1881–1893)]. *Aetas* 16, no. 3–4 (2001): 140–58.
- Kövér, György. “Kincstár és konzorcium: a magyar aranyáradék-konverzió mérlegei, 1881–1884” [Treasury and consortium: Balance sheets of the Hungarian gold rente conversion, 1881–1884]. *Aetas* 19, no. 1 (2004): 74–99.
- Le Bris, David. “Why Did French Savers Buy Foreign Assets before 1914? A Decomposition of the Benefits from Diversification.” *Recherches économique de Louvin* 79, no. 3 (2013): 71–89.
- López-Morell, Miguel A. *The House of Rothschild in Spain, 1812–1941*. Farnham: Ashgate, 2013.
- Michel, Bernard. *Banques et banquiers en Autriche au debut du 20e siècle*. Paris: Presses de la fondation nationale des sciences politiques, 1976.
- Pammer, Michael. “The Hungarian Risk: The Premium on Hungarian State Bonds, 1881–1914.” *Financial History Review* 24, no. 1 (2017): 23–52.
- Parent, Antoine, and Christophe Rault. “The Influence Affecting French Assets Abroad Prior to 1914.” *The Journal of Economic History* 64, no. 2 (2004): 328–62.
- Ránki, György. “Le capital français en Hongrie.” In: *La position international de la France: aspects économiques et financières XIX^e-XX^e siècles*, edited by Maurice Lévy-Leboyer, 235–42. Paris: Edition de l'EHESS, 1977.
- Tomz, Michael. *Reputation and International Cooperation: Sovereign Debt across Three Centuries*. Princeton–Oxford: Princeton University Press, 2007.

THE

Hungarian Historical Review

Aims and Scope

The Hungarian Historical Review is a peer-reviewed international journal of the social sciences and humanities with a focus on Hungarian history. The journal's geographical scope—Hungary and East-Central Europe—makes it unique: the Hungarian Historical Review explores historical events in Hungary, but also raises broader questions in a transnational context. The articles and book reviews cover topics regarding Hungarian and East-Central European History. The journal aims to stimulate dialogue on Hungarian and East-Central European History in a transnational context. The journal fills lacuna, as it provides a forum for articles and reviews in English on Hungarian and East-Central European history, making Hungarian historiography accessible to the international reading public and part of the larger international scholarly discourse.

The Hungarian Historical Reviews

(Formerly *Acta Historica Academiae Scientiarum Hungaricae*)

4 Tóth Kálmán utca, Budapest H – 1097 Hungary

Postal address: H-1453 Budapest, P.O. Box 33. Hungary

E-mail: hunghist@btk.mta.hu

Homepage: <http://www.hunghist.org>

Published quarterly by the Institute of History,
Research Centre for the Humanities (RCH), Hungarian Academy of Sciences (HAS).

Responsible Editor: Pál Fodor (Director General).

Prepress preparation by the Institute of History, RCH, HAS Research Assistance Team; Leader: Éva Kovács. Page layout: Imre Horváth. Cover design: Gergely Böhm.

Printed in Hungary, by Prime Rate Kft, Budapest.

Translators/proofreaders: Alan Campbell, Matthew W. Caples, Thomas Cooper, Sean Lambert.

Annual subscriptions: \$80/€60 (\$100/€75 for institutions), postage excluded.

For Hungarian institutions HUF7900 per year, postage included.

Single copy \$25/€20. For Hungarian institutions HUF2000.

Send orders to *The Hungarian Historical Review*, H-1453 Budapest, P.O. Box 33. Hungary; e-mail: hunghist@btk.mta.hu

Articles, books for review, and correspondence concerning editorial matters, advertising, or permissions should be sent to *The Hungarian Historical Review, Editorial*, H-1453 Budapest, P.O. Box 33. Hungary; e-mail: hunghist@btk.mta.hu. Please consult us if you would like to propose a book for review or a review essay.

Copyright © 2018 *The Hungarian Historical Review* by the Institute of History, Research Centre for the Humanities, Hungarian Academy of Sciences.

All rights reserved. No part of this book may be reproduced, stored, transmitted, or disseminated in any form or by any means without prior written permission from the publisher.

THE

Hungarian Historical Review

Modern Europe in Global Perspective

CONTENTS

<i>Cores and Peripheries Reconsidered</i>	K. KAPS	191
<i>State-Building, Imperial Science, and Bourgeois Careers</i>	W. GÖDERLE	222
<i>The Rothschild Consortium and the State Debt of the Austro-Hungarian Monarchy</i>	GY. KÖVÉR	250
<i>The Battle over Information and Transportation</i>	J. CALLAWAY	274
<i>Mobility from the Czech Lands to Latin America (1880s–1930s)</i>	M. KRÍŽOVÁ	303
<i>International Architecture as a Tool of National Emancipation</i>	U. VON HIRSCHHAUSEN	331
<i>The Formation of Global Tourism</i>	S. LEMMEN	348

hr

HU ISSN
2063-8647